



The President's Daily Brief

July 8, 1975

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USSR

Brezhnev seems to be reviewing his future political plans, and may be flirting with the idea of retirement. Twice in his conversations last week with the delegation of US senators, he alluded to such a possibility.

The US embassy quotes Brezhnev as saying, "No one is eternal and life being what it is there comes a time when a person must leave, whether for retirement or because of illness, but when one is at the helm one must do what one can for the future." The sensitivity of his remark was underscored by the fact that the Soviet interpreter did not translate the reference to illness. According to a Reuter report, Brezhnev joked about "giving up" his job because it was too worrisome to put up with arguments from "fellows like Jackson." [redacted]

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In recent conversations with Western officials and correspondents, Brezhnev has gone out of his way to stress how full his schedule is for the rest of the year. He told the US senators that he planned to meet Secretary Kissinger following the latter's talks with Foreign Minister Gromyko later this week. He noted that he was looking forward to seeing you in Helsinki and again later in Washington.

Last month, Brezhnev also talked to reporters about his travel plans and went on to discuss preparations for the party congress next February. "There is little time," he said. "There are many visits, but the congress still has to be prepared for, so I am faced with an immense amount of work."

In looking beyond the party congress, however, it would not be surprising if Brezhnev were toying with the idea of retiring. [redacted]

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His remarks about the immense amount of work facing him seem to reflect his awareness of and concern with the problems caused by his long periods of inactivity.

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Brezhnev does not seem to be under pressure from his colleagues to retire. If his health continues to improve and his policies are moderately successful during the rest of the year, thoughts of retirement are likely to fade.

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PORTUGAL

The Armed Forces General Assembly convenes today to debate the relatively moderate policy statement issued by the Revolutionary Council on June 21.

Since that date, the authority of the present military leadership has been eroded by:

--Widespread strikes and civil disobedience.

--The unresolved dispute over the Socialist newspaper Republica.

--The refusal of the Catholic Church to conform to an order nationalizing its radio station.

--The massive jailbreak by members of the secret police of the former regime.

The session today provides an opportunity for extreme leftists within the military to press for a more radical interpretation of the policy statement issued last month. Proposals for organizing "direct links with the people" will be one of the key items on the agenda. In its policy statement last month, the Revolutionary Council approved of direct links between the Armed Forces Movement and the people in principle, but did not rule on how this was to be implemented.

The US embassy reports that pressures are building within the Movement to tilt further to the left. In preparatory meetings for today's assembly, the army called for immediate steps to "ensure a correct, progressive interpretation" of the policy statement and for firm action to reassert authority. The navy also demanded strong action to strengthen "progressive" forces.

Socialist Party leader Mario Soares, meanwhile, has threatened mass demonstrations if press freedom is not assured. The Communists, according to press reports, have placed their followers on alert because they fear an effort may be made to oust Prime Minister Goncalves, their chief supporter in the military.

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CSCE

The Finns announced yesterday that they can no longer arrange a summit-level finale to the European security conference in Helsinki on July 28; they say they require a minimum of three weeks' notice.

Tentative agreement was reached over the weekend on most of the outstanding East-West issues, and a fragile compromise was worked out with the French that would allow follow-up meetings of senior officials and possibly a second conference. Agreement is now being held up by the demands of several, smaller Western and neutral states that want further progress on other issues first. Turkey and Malta are the most firmly opposed, but the Netherlands, Belgium, Spain, and Romania also have objections.

Turkish demands for exemption from certain confidence-building measures and for Turkish Cypriot representation at Helsinki remain the major obstacles. Demarches are being made by certain NATO states in Ankara in hopes of bringing about a change in Turkish policy when the cabinet meets tomorrow. Western delegates, believing that the key to the Turkish position is held by the military, are hoping also that the West Germans will have some success during the visit to Bonn of the chief of the Turkish Armed Forces, which began yesterday.

Debate in Geneva yesterday centered on a French proposal that the end of July be set as the target date for the summit and that the participants be given until July 12 to work out their differences. Should the deadline not be met, the participants would assume Finland's costs for preparations already made. If the EC political directors, who are meeting in Rome today, support the French proposal, the deadlock in Geneva might be broken.

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NOTES

Romania's new effort to facilitate Jewish emigration in order to gain approval of the US Congress for most-favored-nation status has the backing of the "highest level."

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During the first quarter of this year, about 150 Jews were allowed to leave Romania each month; 199 arrived in Israel in June, and between 250 and 300 are expected to arrive in July.

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Romania may be on the verge of asking the US for emergency relief because of the most severe floods to hit the country since 1970.

Although the waters now appear to have crested, the flooding apparently did considerable damage in the area around Bucharest. Agricultural production, which was beginning to show promising signs after last year's drought, may have been seriously affected. In 1970, 268,000 people were left homeless by the floods, and 162 were killed. At that time, Romania requested emergency relief from the US and China.

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Saudi Arabia and Iran, in their final communiqué ending Crown Prince Fahd's visit to Tehran, agreed that the Persian Gulf should remain a "peaceful, secure, and stable region, free from foreign interference and bases."

An official of the Saudi foreign ministry who accompanied the Prince told our officials in Jidda that the reference to foreign bases included not only US Navy facilities in Bahrain and Soviet installations in Iraq, but also applied to US communications facilities in Iran. Despite agreement with the Iranians on the issue of foreign interference, the Saudis apparently showed little enthusiasm for Tehran's proposed Gulf security conference. The Saudis favor general cooperation among Gulf states, but are suspicious of any formal defense pact. They fear that such an arrangement would legitimize a stronger Iranian role on the Arab side of the Gulf.

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The three wealthiest OPEC members--Saudi Arabia, Kuwait, and Iran--are increasing their lending on commercial terms to other governments.

In the first six months of 1975, Saudi Arabia and Iran put nearly 15 percent of their surplus--\$2.2 billion--into loans to foreign governments; their total for all of 1974 was \$3.1 billion. Kuwait, so far this year, has made government-to-government loans totaling \$195 million. The number of governments observed receiving such loans now totals 13, including other OPEC members facing growing financial difficulties. Further loans among OPEC members are likely, especially if the growing financial gaps among producers begin to strain the unity of the cartel. At the end of 1975, over 65 percent of OPEC wealth will be concentrated in the hands of Saudi Arabia, Kuwait, and Iran.

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Malaysia has increased misgivings about its ties with China, which were established last year.

Last April, the Chinese Communist Party sent anniversary greetings to the Malayan Communist Party. Although there is no evidence that the Chinese are materially aiding the Malayan communists, the message coincided with a spurt in communist terrorism. Now the Malaysian government is distressed over growing Chinese embassy contacts with Malaysian Chinese. Some Malaysians see this development as confirming their fears that a Chinese diplomatic presence would lead to subversion. Rap-prochement with China, nevertheless, remains central to Kuala Lumpur's nonaligned foreign policy. Malaysia's disappointment could reinforce the cautious attitude of Indonesia and Singapore toward the normalization of diplomatic relations with Peking.

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Tension between Morocco and Algeria has eased at least temporarily with the publication of a joint communiqué in Rabat late last week on the future of the Spanish Sahara.

Algeria's actual acceptance of the common understanding expressed in the communiqué would clear the way for a partition of the disputed territory with the phosphate-rich northern region going to Morocco and the southern portion, containing iron ore deposits, to Mauritania. So far, however, there has been no confirmation from Algiers of its intentions other than publication of the joint communiqué, which is sufficiently vague to allow Algeria room for maneuver. We doubt that President Boumediene, who has consistently opposed Morocco's claim and has supported self-determination for the territory, is ready to make such an about-face. Algeria may clarify its position somewhat when it makes an oral presentation of the problem this week to the International Court of Justice.

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Peronist politicians and labor leaders apparently formalized their demand for the removal of Argentine Welfare Minister Lopez Rega and his protege, the minister of the economy, at a meeting yesterday afternoon.

The Peronist proposal on this issue and on resolving the wage dispute that sparked the general strike, now in its second day, reportedly was delivered to President Peron's residence yesterday evening. [REDACTED]

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[REDACTED] Even if Lopez Rega is forced from the cabinet, he will probably remain the President's private secretary and principal adviser.

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